

PUBLIC DISCLOSURE

October 9, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

THE COOPERATIVE BANK

40 BELGRADE AVENUE
ROSLINDALE, MA 02131

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **THE COOPERATIVE BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory”

The bank's average net loan-to-deposit ratio over the past two years was 77.5 percent and was considered to be reasonable. A majority of the loans originated (57.9%) were extended inside the assessment area. The bank's performance with respect to borrower income was considered reasonable with 22.9 percent of all HMDA-reportable loans made to borrowers of low and moderate income. The distribution of loans within the assessment area was also considered reasonable with 2.8 percent of all loans located in low-income census tracts, and 30.7 percent in moderate-income census tracts. Fair Lending performance was found to meet the standards of satisfactory performance with no CRA related complaints since the previous examination.

PERFORMANCE CONTEXT

Description of Institution

The Cooperative Bank is a mutually-owned thrift institution created by the merger of Roslindale Cooperative Bank and Charlestown Cooperative Bank in September 1998. At the time of the merger, Roslindale Cooperative Bank had total assets of approximately \$116 million and Charlestown Cooperative Bank had total assets of approximately \$18 million. As of June 30, 2001, The Cooperative Bank had approximately \$178 million in assets, \$122 million of which are in the form of loans. The asset size of the institution has increased from \$137 million as of September 30, 1999 to \$178 million as of June 30, 2001, which represents 29.9 percent growth. The merged bank now operates from three offices, all located in the City of Boston. The main office is situated at 40 Belgrade Avenue in the city's Roslindale neighborhood. Its branch offices are located at 1915 Centre Street in West Roxbury and 201 Main Street in Charlestown.

The bank offers Automated Teller Machines (ATMs) at the main office and both branches. The ATMs are linked to the Cirrus, NYCE, and SUM networks. The Cooperative Bank offers a variety of loan products including fixed and adjustable rate mortgages, construction loans, personal loans (secured & unsecured), automobile loans (new & used), passbook loans, home equity loans and student loans.

The table below depicts the composition of the bank's loan portfolio based on the FDIC Call Report of Condition.

Loan Portfolio as of June 30, 2001		
Type of Loans	\$'s (000's)	% of Total Loans
Construction & Land Development	\$13,194	10.7%
Residential Real Estate		
a. 1-4 Family Mortgages	\$74,086	60.2%
b. Home Equity Lines	\$4,476	3.6%
Multifamily	\$7,098	5.8%
Commercial Loans		
a. Commercial Real Estate	\$20,782	16.9%
b. Commercial & Industrial Loans	\$2,776	2.3%
c. Agricultural Loans		
Consumer Loans		
a. Credit Cards		
b. Loans to Individuals	\$681	0.5%
Other Loans		
Total	\$123,093	100.0

Source: FDIC Call Report of Condition, 6/30/01

As shown by the data in the table above, residential real estate is the bank's primary form of credit activity. Loans secured by one-to-four family residential properties account for approximately 60.2 percent of all outstanding credit. Commercial real estate is next with 16.9 percent, followed by construction and land development with 10.7 percent.

The bank's competition includes both state and nationally-chartered financial institutions located within its assessment area. Its primary competitors include Fleet National Bank, Citizens Bank, Peoples Federal Savings Bank, Hyde Park Co-operative Bank, Hyde Park Savings Bank and numerous mortgage companies located within the assessment area.

Based on aggregate Home Mortgage Disclosure Act (HMDA) data for 1999, The Cooperative Bank ranked 27th among all HMDA reporting lenders within its defined assessment area and held 0.9 percent of the market share. There were 364 HMDA reporting mortgage lenders active within the assessment area in 1999. The top five mortgage lenders were: (1) Countrywide Home Loans (6.6% market share); (2) Fleet National Bank (4.4% market share); (3) Washington Mutual Bank, FA (3.5% market share); (4) North American Mortgage Company (3.2% market share); and (5) Fleet Mortgage Corporation (3.1% market share). These top five lenders held a 20.7 percent

market share of all mortgage loan originations reported under the Home Mortgage Disclosure Act (HMDA) within the bank's assessment area.

The most recent Community Reinvestment Act (CRA) evaluation, performed by the FDIC as of September 9, 1999, assigned the bank a "Satisfactory" CRA rating. The previous evaluation performed by the Commonwealth of Massachusetts as of December 22, 1997 also resulted in a "Satisfactory" CRA rating.

Description of Assessment Area

The Community Reinvestment Act (CRA) requires financial institutions to define an assessment area within which the bank will focus its lending efforts. The Division of Banks evaluates the institution's CRA performance based on the defined assessment area. Generally, assessment area(s) are expected to consist of Metropolitan Statistical Areas (MSAs) or contiguous political subdivisions such as counties, cities and towns.

The Cooperative Bank has two assessment areas. The first is centered upon the bank's Roslindale and West Roxbury offices, and consists of the Hyde Park, Jamaica Plain, Roslindale, and West Roxbury neighborhoods of Boston. The second assessment area is neighborhood of Charlestown, the home of the bank's other branch office and a neighborhood that is physically separated from both the first assessment area, as well as the remainder of the city. Both assessment areas are located entirely within the City of Boston and the Boston MA-NH Metropolitan Statistical Area (MSA).

According to 1990 US Census Data, The Cooperative Bank's assessment area has a total population of 136,383 individuals. The assessment area consists of 36 census tracts. Census tracts are identified as either low, moderate, middle or upper-income based on median Family Household Income (FHI) within the census tract. The census tract breakdown for The Cooperative Bank is as follows: 2 census tracts or 5.5 percent are designated as low-income, 14 or 38.9 percent are moderate-income, 15 or 41.7 percent are middle-income, 4 or 11.1 percent are upper-income and 1 or 2.8 percent is designated as NA. The low-income census tracts are located in Roslindale and Jamaica Plain.

Housing stock within the assessment area is primarily one-to-four family residential dwellings (74.5%), of which 45.9% are owner-occupied, 48.0% are renter-occupied and 6.1% are vacant. The median home value within the assessment area is \$176,233.

The Warren Information Services compiles current home sale prices based on Registry of Deeds transactions. The table below provides the median home prices within the assessment area.

	July 2000	July 2001
Hyde Park	\$180,000	\$225,000
Roslindale	\$217,000	\$245,000
West Roxbury	\$255,500	\$282,000
Jamaica Plain	\$289,000	\$385,000
Charlestown	\$345,000	\$394,500

Source: Warren Information Services (Banker & Tradesman)

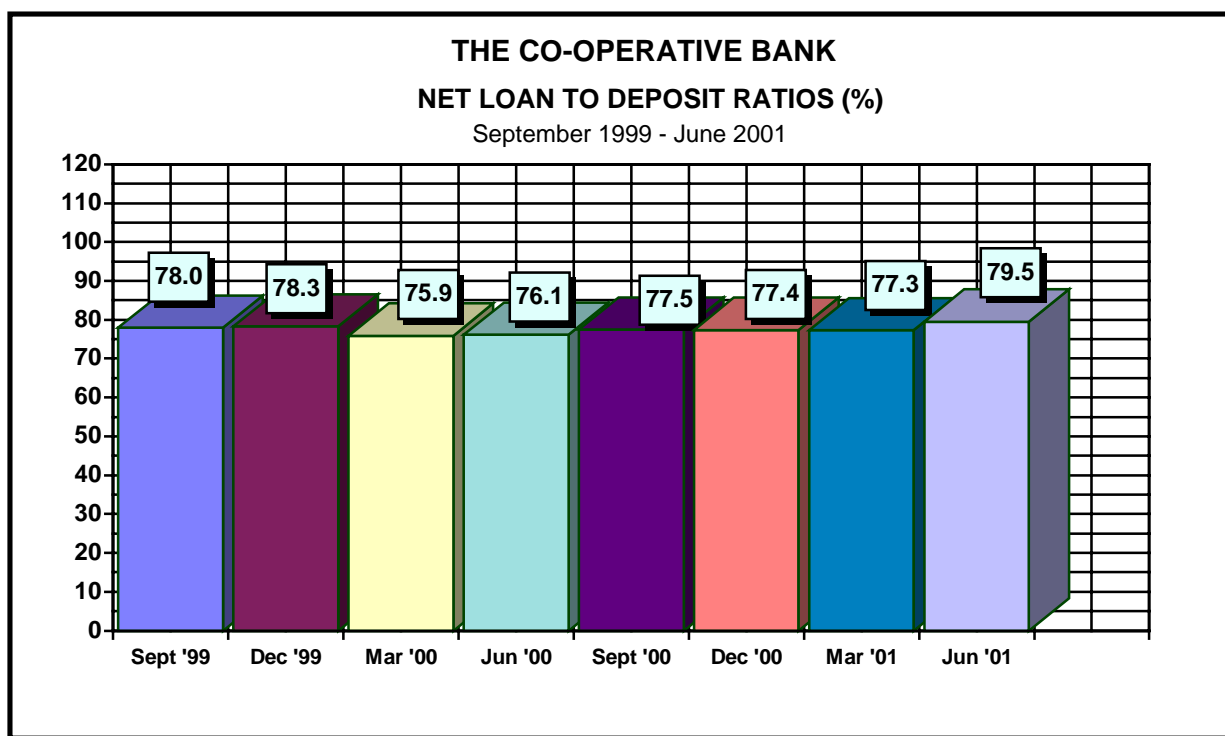
As shown in the table above, housing values within the assessment area vary considerably. The most affordable neighborhoods are Hyde Park and Roslindale, where prices range from \$180,000 to \$245,000. West Roxbury is more suburban in character than any other neighborhood in the city and is dominated by single-family homes, although multifamily properties are scattered throughout. High prices are prevalent in the Moss Hill and Jamaica Pond area of Jamaica Plain. The most expensive neighborhood is Charlestown, which offers multistory brick and brownstone townhouses in the Monument Square area and on the waterfront.

During the examination, a community contact was conducted with a non-profit corporation. The goal of this corporation is to train minorities to acquire skills that would afford them more job opportunities in the City of Boston. The corporation works closely with the banks in the area.

PERFORMANCE CRITERIA

1. LOAN-TO-DEPOSIT ANALYSIS

The Cooperative Bank's average net loan-to-deposit ratio was calculated by using the data reported in the previous eight quarterly FDIC Call Reports. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The bank's average net loan-to-deposit ratio for the period September 30, 1999, through June 30, 2001, was 77.5 percent. The following graph depicts the net loan-to-deposit ratio for each quarter under review.



During the period examined, net loans increased approximately 31.9 percent, while deposits increased approximately 29.5 percent. The net loan-to-deposit ratios have fluctuated slightly throughout the past eight quarters. This slight fluctuation is due to lower interest rates, refinances, new products and advertising.

The following table compares the bank's net loan-to-deposit ratio to those of two other institutions within the assessment area. The information is as of June 30, 2001.

INSTITUTION	NET LOAN-TO-DEPOSIT RATIO
Peoples Federal Savings Bank	96.7%
The Cooperative Bank	79.5%
Hyde Park Cooperative Bank	59.0%

These institutions varied in asset size with \$222 million for Peoples Federal Savings Bank, and \$99 million for Hyde Park Cooperative Bank.

Based on the above information, the bank's asset size and resources, competition, and the credit needs of the assessment area, the bank's net loan-to-deposit ratio is considered reasonable and meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

The Cooperative Bank's 1999, 2000 and year-to-date July 31, 2001 HMDA Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the bank's assessment area. During this period, the bank originated 309 HMDA-reportable loans totaling approximately \$62,773,000. Of these, 179 loans or 57.9% of the number totaling \$33,184,000 or 52.9% of the dollar value of all loans were originated in the bank's assessment area.

Roslindale accounted for the largest percentage of originations by number 42.5 percent, followed by Charlestown with 21.8 percent. Roslindale also accounted for the largest dollar volume of originations with 34.4 percent, followed by Charlestown with 29.7 percent.

The following table provides the bank's HMDA-reportable lending by number and dollar amount.

Distribution of Home Mortgage Loans Inside and Outside the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
1999	60	61.2	9,429	58.8	38	38.8	6,594	41.2
2000	69	59.0	14,150	54.8	48	41.0	11,649	45.2
YTD 2001	50	53.2	9,605	45.8	44	46.8	11,346	54.2
Total	179	57.9	33,184	52.9	130	42.1	29,589	47.1

Source: HMDA LAR, CRA Wiz

Based on the above analysis, it is evident that the bank originated the majority of its loans within the assessment area. Therefore, the institution's level of lending within its assessment area is considered to meet the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The bank's residential loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes for the Boston MA-NH Metropolitan Statistical Area (MSA) due to the location of the property. The Boston MA-NH MSA median Family Household Income (FHI) was \$62,700 for 1999, \$65,500 for 2000 and \$70,000 for 2001. These income figures are based on estimated Department of Housing and Urban Development (HUD) information.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows, by number, HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the number of family households within the assessment area in each respective income group.

Distribution of HMDA Loans by Borrower Income									
Median Family Income Level	Family Households (% of #)	1999		2000		YTD 2001		Total	
		#	%	#	%	#	%	#	%
Low	24.9	7	11.7	2	2.9	4	8.0	13	7.3
Moderate	20.6	11	18.3	9	13.1	8	16.0	28	15.6
Middle	24.0	16	26.7	23	33.3	12	24.0	51	28.5
Upper	30.5	24	40.0	33	47.8	24	48.0	81	45.3
NA	0.0	2	3.3	2	2.9	2	4.0	6	3.3
Total	100.0	60	100.0	69	100.0	50	100.0	179	100.0

Source: U.S. Census, HMDA LAR, CRA Wiz

During the examination period, the bank extended 13 loans to low-income borrowers representing 7.3 percent by number and 3.6 percent by dollar amount of the total loans within the assessment area. This falls below the 24.9 percent of low-income households within the assessment area. However, mitigating factors include the large number of rental occupied units (48.0%) and family households living below the poverty level (10.3%). The high percentage of rental occupied units is attributable in part to the number of public housing development units within both assessment areas.

The table further indicates that the bank extended 28 loans to moderate-income borrowers, representing 15.6 percent by number and 9.4 percent by dollar amount of the total loans within the assessment area. The number of loans is lower than the 20.6 percent of moderate-income households within the assessment area.

The distribution of the bank's loans among various borrower income levels was compared to that of all other HMDA-reporters in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 1999 and is presented in the following table.

<u>Lending Within the Assessment Area to Borrowers of Different Income Levels</u> <u>The Cooperative Bank Compared to All Other HMDA-Reporters</u>			
Median Family Income Level	1999 Aggregate Lending Data	1999-The Cooperative Bank	
	%	#	%
Low	5.5	7	11.7
Moderate	17.4	11	18.3
Middle	24.9	16	26.7
Upper	33.6	24	40.0
NA	18.6	2	3.3
Total	100.0	60	100.0

Source: HMDA LAR, HMDA Aggregate Data, CRA Wiz

The distribution of the bank's residential loans to low-income borrowers exceeds that of all other HMDA-reporters within the assessment area. As shown above, the bank's percentage of lending to borrowers of low-income was 11.7 percent compared to the aggregate with 5.5 percent.

Loans to moderate-income borrowers accounted for 18.3 percent and also exceeded the aggregate which demonstrated 17.4 percent within this category.

In 1999, The Cooperative Bank ranked 20th in lending to low and moderate-income borrowers within its assessment area. The bank originated 18 HMDA-reportable loans to borrowers in these income groups, capturing 1.2 percent of the market.

The distribution of lending by borrower income in comparison to the number of family households and the aggregate, as well as the level of competition and the bank's asset size, demonstrates the bank's willingness to lend to borrowers of all income levels, including those of low and moderate incomes. Therefore, The Cooperative Bank is considered to meet the standards for satisfactory performance for this category.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

HMDA-reportable loans located within the bank's assessment area were further analyzed to determine their location by census tract income level. The following table provides a breakdown, by number, of the bank's HMDA-reportable loans within its assessment area according to census tract income level. The table also compares the percentage of the bank's lending activity to owner-occupied housing units in each of the census tract income categories.

<u>Distribution of Residential Loans by Census Tract Income Category</u>									
Census Tract Income Level	Owner-Occupied Housing Units (%)	1999		2000		YTD 2001		Total	
		#	%	#	%	#	%	#	%
Low	0.6	3	5.0	1	1.5	1	2.0	5	2.8
Moderate	31.0	20	33.3	21	30.4	14	28.0	55	30.7
Middle	56.7	29	48.3	36	52.2	29	58.0	94	52.5
Upper	11.7	8	13.4	11	15.9	6	12.0	25	14.0
Total	100.0	60	100.0	69	100.0	50	100.0	179	100.0

Source: U.S. Census, HMDA LAR, CRA Wiz

As shown in the above table, the bank extended 5 loans within low-income census tracts, representing 2.8 percent of the number and 3.4 percent of the dollar amount of the bank's total loans within the assessment. This percentage exceeds the 0.6 percent of owner-occupied housing units within low-income census tracts.

Additionally, 55 loans or 30.7 percent of the number were within moderate-income census tracts. The number of loans is comparable to the 31.0 percent of owner-occupied housing units within moderate-income census tracts in the assessment area.

The Cooperative Bank's lending performance by census tract income category was also compared to all other HMDA-reporting lenders in the assessment area. The most recent data available for this analysis relates to calendar year 1999 and is presented in the following table.

<u>Lending Census Tract Income Level</u> <u>The Cooperative Bank Compared to All Other HMDA Reporters</u>			
Census Tract Income Level	1999 Aggregate Lending Data	1999	
	% of #'s	#	%
Low	1.1	3	5.0
Moderate	35.8	20	33.3
Middle	50.5	29	48.3
Upper	12.6	8	13.4
Total	100.0	60	100.0

Source: HMDA LAR, HMDA Aggregate Data, and CRA Whiz

As demonstrated above, the bank's residential lending within low-income census tracts, exceeds that of the aggregate. The bank originated 3 loans, which represent 5.0 percent of the number and 6.2 percent of the dollar amount in low-income census tracts. The aggregate originated 1.1 percent of both the number and dollar amount of loans in the low-income census tracts.

Loans within moderate-income census tracts accounted for 33.3 percent by number and 34.4 percent by dollar amount. This percentage is comparable to that of the aggregate, which granted 35.8 percent of total loans by number and 36.7 percent by dollar amount to moderate-income census tracts.

In 1999, The Cooperative Bank ranked 26th in market share in lending to low and moderate-income census tracts within its assessment area. The bank originated 23 HMDA-reportable loans in these census tracts, representing 0.9 percent of the market share.

Based upon the analysis of the geographic distribution of loans, The Cooperative Bank's HMDA-reportable lending is considered to meet the standards for satisfactory performance.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

A review of the bank's public comment file and its performance relative to fair lending policies and practices indicates that the institution meets the standards for satisfactory performance.

REVIEW OF COMPLAINTS

A thorough review of the public comment file revealed that the bank received no complaints pertaining to the institution's CRA performance since the previous examination.

FAIR LENDING POLICIES AND PRACTICES

Detailed below is the bank's fair lending performance as it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

The Cooperative Bank's CRA Statement Policy and Loan Policy address fair lending and other related laws. The bank has established a formal training program, which includes training on the Equal Credit Opportunity Act. The bank's marketing efforts are primarily accomplished through word of mouth as well as advertisements in local newspapers that reach the entire assessment area.

The bank offers a First Time Homebuyer Program with flexible underwriting criteria. The program offers a reduced interest rate, flexible underwriting guidelines, reduced closing costs, and minimum down payment requirements.

The Cooperative Bank has a second review system in place for all declined loan applications. The bank has internal control procedures in place in which the CRA Officer checks for compliance with various fair lending laws such as the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act and the Community Reinvestment Act.

The bank refers all loan customers whose mortgage is delinquent to the Consumer Credit Counseling Services of Massachusetts (CCCS). The bank has a staff of 55 employees with 9 minorities among them. Several employees speak foreign languages.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of applications the bank received from minorities. During the examination period, the bank received 212 residential loan applications from within its assessment area. During this period, 21 applications or 9.9 percent, were received from minorities. Refer to the following table for further details.

MINORITY APPLICATION FLOW*								
RACE	BANK 1999		BANK 2000		BANK YTD 2001		BANK TOTAL	
	#	%	#	%	#	%	#	%
Native American	0	0.0	0	0.0	0	0.0	0	0.0
Asian	0	0.0	2	2.4	1	1.7	3	1.4
Black	3	4.2	1	1.2	2	3.5	6	2.8
Hispanic	1	1.4	3	3.6	1	1.7	5	2.4
Joint Race	2	2.8	2	2.4	1	1.7	5	2.4
Other	1	1.4	0	0.0	1	1.7	2	0.9
Total Minority	7	9.8	8	9.6	6	10.3	21	9.9
White	58	81.7	74	89.2	48	82.8	180	84.9
NA	6	8.5	1	1.2	4	6.9	11	5.2
Total	71	100.0	83	100.0	58	100.0	212	100.0

Source: HMDA LAR, CRA Wiz

According to 1990 Census Data, the bank's assessment area contains a total population of 136,383 individuals of which 22.3 percent are minorities. The minority population is 0.2 percent Native American, 2.2 percent Asian, 9.4 percent Black, 10.4 percent Hispanic and 0.1 percent Other.

The bank's minority application flow for this period was compared with the racial make-up of the assessment area and 1999 aggregate data for all other HMDA reporters within the assessment area. Aggregate information indicated that, of the 9,769 HMDA-reportable applications received from other lenders within the assessment area in 1999, 21.0 percent were from minorities. Although this percentage is higher than the bank's 9.9 percent, it should be noted that the bank originated 18 loans or 85.7 percent of the minority applications It received.

Although somewhat lower when compared to the aggregate application data, the rate of approval of the minority loans contributes to a satisfactory rating in terms of minority application flow.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

THE COOPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **October 9, 2001**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.